Successful marketing strategy

Profits increase 12% at Int'l King's Table

EUGENE, Ore.—Fifteen months of price-cutting and service changes appear to be heading Kings Table, a 50-unit buffet cafeteria chain to its first profitable year since fiscal 1979.

For the two quarters ended Dec. 12, 1981, International Kings Table Inc. showed $40,000 in pretax profits compared to a $400,000 pretax loss in the same period in 1980.

Three-fourths of the current, 1982, fiscal year's pretax profits came in the second quarter, a period marked historically as a slow one for Kings Table.

Restaurant sales for the 1982 second-quarter rose 12.6% to $7.7 million—for the 24-week period, up 12.6% to $15.6 million—compared to the year-ago periods.

The company trimmed its loss in fiscal 1981 to $1.2 million from a $1.5 million loss in 1980. Revenues in fiscal 1981 rose 7% to $32.5 million.

In its last profitable year, fiscal 1979, the company had profits of $427,000, a 49% drop from 1978 despite a 29% revenues increase to $26 million.

"We have not arrived by any means," said Roger Houmes, president, chairman and chief executive of the over-the-counter concern he inherited from his father, the founder.

"But when you look at where we've been, what we did and the recovery we made," the 39-year-old Houmes said, "I think it would be reasonable to expect that next year, [fiscal 1983] we'll be back to a respectable 5% after-tax profit on sales."

Kings Table, a chain founded in Springfield, Ore., in 1957, when Wilbur Houmes, now retired, started serving smorgasbord twice a week at his drive-in restaurant, made many of the classic mistakes of a growing chain, chief executive Houmes recalled.

"We had been on a rapid expansion program—for all the right reasons, but at the wrong time," Houmes said.

"The economy turned down in 1979, discretionary dollars were eroded by fossil fuel prices," he said. "We were trying to keep our margins. But we were raising prices at a time when that was the last thing our customers wanted to see."

By October 1980, "we were in real trouble," he said.

The chain's 22-unit franchisee which had a 10-state outpost centered at the borders of Kentucky, Ohio and Indiana was going bankrupt and closed its Kings Table operations in 1979. In 1980, Kings Table pulled out its company stores from Dallas-Fort Worth and retreated to the Pacific Northwest.

From a peak in 1978 when the chain numbered 73 of the 5,000-sq.-ft. restaurants, the firm is now 100%-company-operated with 50 cafeterias and one family restaurant concept.

Expansion took its toll. In 1979, the company had about $8 million in debt, much of it financed at a half-point over prime and was paying $1 million a year in interest, Houmes said.

While he still has faith in shopping center locations, he said, "We spent more money than we should have for some sites. Now they're practically giving those locations away."

Faced with dwindling customer counts and heavy debt, Kings Table first cut expenses, putting them more in line with the needs of the shrinking chain. Reducing staff at headquarters and other belt-tightening moves saved $114,000 in fiscal 1980.

In October 1980, part of fiscal 1981, "we decided to go to our strength, the senior market," Houmes said. "We had never been very attentive to that part of our business."

Prices for senior citizens were cut. With the $1 purchase of a privilege card, senior citizens could eat lunch for about $2, when before it had cost $3. Dinner prices under the program were cut similarly from $4 to $3. And the fixed prices included a beverage.

"The prices were ridiculously low," Houmes said. "They were set not to make money but to just cover our costs."

After four months, the number of senior citizens frequenting Kings Table buffets had quadrupled, he said.

Houmes quipped that the program was so successful at drawing traffic that almost anyone could qualify as a senior citizen. "You only had to look tired." And, "we thought about reducing the [qualification] age to 25."

Since the discounting program started, prices have been gradually raised to $2.70 for lunch and $3.60 for dinner. "And we haven't lost any customers," he said.

The other key ingredient in Kings Table's drive to build traffic was originally intended as simply a cost-cutting measure: They did away with waitress service for beverages.

"It was really amazing to us," he said. "People preferred to serve their own coffee."

In addition, as part of the service-modification plan, Kings Table stationed an employee on the steam-table line to carve roast beef and ham to control portion sizes and so costs.

Thirty-eight restaurants had been converted to the new service format by the end of 1981. The remaining 12 are scheduled by the end of fiscal 1982.

A third part of the turnaround strategy is just being implemented. Kings Table has been testing breakfast buffets on weekends, a time when the restaurants were traditionally closed. The test has been under way in six units with one-by-one conversion set for the next 12 months.

The staff cuts, discounting and conversions have given Kings Table "19 months of continual increases in sales and profits," Houmes said. Debt should be cut $4 million by June, he added. But a true turnaround "has to be more than a flash-in-the-pan.

"If we can show half-a-million to $1 million in profits this year, we're almost a shoe-in for profitability in fiscal 1983," he said.

EARNINGS REPORT

Company	Period	Period Ended	Total Sales*	% Change	Revenues*†	% Change	Net Income (Loss)*	% Change
Acapulco & Los Arcos Restaurants	1 yr.	10/25	$27.653	45		-	$1.155	10
Frisch's Restaurants	6 mos.	12/13			$58.400	5	2.269	60
	3 mos.	12/13			24.900	4	0.968	30
Hungry Tiger	3 mos.	11/20	12.100	14			0.341	25
Taco Viva	6 mos.	11/30	6.167	44			0.219	54

Source: Company earnings reports

—Loss in current period
**In millions*
***Loss is corresponding period*
†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.

Tight control advised for military food service

By John Friedman

WASHINGTON—Tighter controls to combat waste and mismanagement by food-service contractors that supply the military were recently recommended by the General Accounting Office (G.A.O.), an arm of Congress.

The Department of Defense spends more than a billion dollars a year, according to the G.A.O., to buy, cook, serve food and clean up at about 2,400 dining faciliites around the world.

Paying for the raw food alone accounts for about $700 million a year. In fiscal year 1979 (the latest year for which figures are available), the military contracted out about $130 million, or about 36%, of the estimated $360 million spent on food-service labor, supplies and materials.

In light of the magnitude of this program, the G.A.O. decided to examine it.

G.A.O. officials had expected Department of Defense officials to "have an effective common means of measuring contractor cost and performance and of comparing contracted operations between military services, between bases of the same service, and between dining facilities of the same base."

But G.A.O. investigators concluded: "They do not."

Instead, they found weak accounting procedures and "ineffective top-level management." In fact, the military was not able to answer the simple quesiton: "What does it cost to put a meal on the table?"

The Department of Defense, the G.A.O. noted, recognized this same lack of information 10 years ago and "still has not resolved it."

G.A.O. also discovered serious examples of waste. For example, there is no control to prevent unauthorized military personnel from eating free meals; while a "use it or lose it" mentality encouraged lax food accountability and fostered "waste and abuse."

In recommending uniform management of food-service functions, the G.A.O. called for:

- The development of a food cost index based on the actual items and costs of food.
- Strong internal controls over food inventories.
- A common contract with standard statements of work, meal volume adjustment formulas and measurable performance criteria.

The G.A.O. also suggested that more centralized control over the food-service operation by the Pentagon itself could be one way to lessen inefficiency and waste.

Since most of the G.A.O.'s recommendations were endorsed by the Department of Defense, outside food contractors can therefore expect tighter controls and practices.

Occupancy rate drops 73% in N.Y. hotels

NEW YORK—The occupancy rate at hotels and motels here dropped to 73.5% in 1981, the second straight year of decline, while average room rates soared to $68, according to a report prepared by Stephen W. Brener Associates Inc.

The number of available rooms remained virtually unchanged at 97,863, and the average number of rooms sold per day dropped to 71,929 from 76,649 in 1980. The price of rooms jumped 14.6% compared to increases of 22% and 19.6% in 1980 and 1979, respectively.

Four major hotels opened here last year: the Marriott at LaGuardia Airport, with 455 rooms; Vista International, with 825 rooms; the Harley, with 800 rooms and the Parker Meridien, with 597 rooms.

In addition, several newer luxury hotels, including the Grand Hyatt and the Palace which both opened in 1980, added several hundred rooms each.

Several hotels and motels closed for major renovation projects or closed to be converted to condominiums or office space. A number of major construction projects for hotels in Manhattan and at the city's airports are reported to be in the works for 1982.

One significant development in New York hotels in 1981 was the escalating prices at luxury properties in midtown Manhattan, which is where most tourists stay. "The day of the $100-a-night New York City hotel room is history," Brener said. "We are now not only approaching but breaking through the $200-a-night barrier."

Brener reports top-of-the-line quoted room rates for the city's first-class luxury hotels in November ranged from $150 to $230 for a single and $165 to $250 for a double. Hotels reporting rates in those ranges included the Carlyle, Essex House, Navarro, Helmsley Palace, Park Lane, Pierre, Plaza, Regency, St. Regis, Sherry Netherland, U.N. Plaza, Waldorf Towers and the Sherry Netherland.

"This may seem to bode well for potential gross room sales, but . . . with occupancy during the early part of 1981 off, New York City hotels may, at least at the beginning of 1982, find that the combination of the strong United States dollar overseas, a recession at home and changing air traffic patterns may again force present high occupancies down."

Brener said "the Big Apple first-class luxury hotels will continue to attain an average rate of $150 and over."

High Cost

One reason for the astronomical room rates in Manhattan is the high cost of developing hotels. Brener said it would be difficult to finance, build and equip a luxury hotel in New York for less than $150,000 per room.

If the old rule of thumb applies—$1 of average rate per $1,000 of cost—"then $150 [per night] becomes a must in order to survive economically," Brener said.

Though occupancy at New York hotels and motels has declined since the 1979 boom times, when it topped the 80% rate for the first time since 1950, it is still several percentage points higher than the national average of about 68%.

In 1979, when occupancy was 81.4%, an average room in New York cost $49.90.

Brener said he expects occupancy rates in New York to remain relatively stable this year, a view shared by others.

"Considering the uncertain state of the economy, New York City has done exceedingly well in the visitor industry during 1981," Charles Gillett, president of the Convention and Visitors Bureau, said. "We are cautiously optimistic about 1982 and despite many major bookings in the city's hotels, a great deal depends upon the national economy."

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SANITATION

The business of keeping clean—Page 31

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Reagan message signals growing industry clout

***NRN* Special Report**

WASHINGTON—President Reagan's "new federalism," revealed late last month in his State of the Union message, is at least in part a recognition of food-service industry lobbying, say some top industry officials.

Restaurant executives, contract services executives, association executives and others say they see some evidence of food-service's growing clout in the President's statement that he will not ask Congress "to balance the budget on the backs of the American taxpayer."

National Restaurant Association chairman Walter Conti said he saw in portions of the speech "a signal that the people in Washington are beginning to recognize our industry as a viable and important force in the economy."

Drawing special praise from food-service leaders was the President's decision to reject sharp new Federal excise tax increases on alcoholic beverages.

The tax was just part of a program, backed by some Ad-

(Continued on page 74)

Ohio neighbors fear spillover of soda tax

Similar legislation possible in Indiana, Michigan, Kentucky

By Ken Rankin

COLUMBUS, Ohio—Ohio's controversial new tax on soft drink syrup is spilling over into neighboring states despite a pro-restaurant court decision declaring the revenue measure unconstitutional.

At presstime, Indiana food-service leaders were rallying industrywide opposition to a similar legislative proposal in that state calling for a stiff, 28¢ per gallon tax on all "finished" soft drinks. According to Hoosier restaurateurs, that measure would add more than $60 million annually to the cost of soft drinks in Indiana.

At the same time, food-service operators in at least two other states bordering Ohio—Michigan and Kentucky—are growing increasingly concerned that proposals patterned after the Buckeye syrup tax may surface in their legislatures this session.

"We haven't had any specific soft drink tax legislation introduced so far, but we have heard rumors that a bill may be in the works," Kentucky Restaurant Association executive vice president Mildred Potter told *Nation's Restaurant News*. "Our members in the northern part of the state are particularly concerned that some version of the Ohio tax could spring up here."

Indiana Restaurant Association executive vp Warren Spangle, who spearheaded a coalition to derail the soft drink tax in his state, said the proposal would increase food-service costs by nearly 3¢ per 12-oz. serving. "I think we managed to bottle up the bill in committee this session," but there's concern that the plan may resurface at a future date, he said.

The Ohio legislation triggering that concern was approved late last year as part of a broader revenue bill despite frantic food-service industry lobbying during the waning days of the '81 session.

That measure slapped a statewide 25¢ per gallon tax on soft drink "premix" plus a crushing $2.75 per gallon tax on post-mix syrup.

The tax, which took effect immediately after passage, more than doubled the cost of

(Continued on page 74)

Bojangles kicking its heels in chicken market

By Charles Bernstein

CHARLOTTE, N.C.—It's the day before a Bojangles opening here. The store is completely deserted. An impression of impending disaster hangs in the air.

Actually the store's five managers and 50 crew are resting at home, waiting to perform another mini-miracle. They will jump into action the next day at a scorching pace that should assure well over $1 million annual sales for this unit.

It's all part of Bojangles' philosophy of boosting morale, fighting crew fatigue and keeping the troops fresh and eager. "The customer doesn't care what problems we face on opening day," observed Richard Thomas, president and chief operating officer of the spicy chicken and biscuit chain which bids to take the Southeast by storm. "He or she expects a top performance right from the starting gun."

Horn & Hardart, New York-based Arby's and Burger King franchisee as well as a mail order house and hotel-casino operator, recently acquired Charlotte-based Bojangles with the intention of rapidly expanding the 52-unit chain.

Bojangles already is setting an imposing pace with a $1.1 million average annual per unit volume in the chicken segment which includes among the newer entries Grandy's of Texas, Ron's of Texas, Chicken George of Baltimore and Sisters of Columbus, Ohio (owned by Wendy's) along with established KFC, Church's, Popeyes, Famous Recipe and Golden Skillet. (The latter two were acquired last fall by Shoney's and International Dairy Queen, respectively.)

A delicate blend of factors is enabling Bojangles to chalk up an estimated 40% return on equity, 30% on assets, and unit sales that have risen by an average of at least $150,000 annually since the chain was founded 4½ years ago. The chain had a $357,000 net profit and $9.56 million total sales for its fiscal year ended last May 31, compared with a $41,000 net profit and $3.18 million sales the previous year. But current fiscal year sales should hit $40 million.

These results are being achieved on an average initial land, building and equipment investment cost of $600,000.

Bojangles' blend is comprised of diverse elements. First, there's a well-balanced leadership team. Then there's an astutely merchandised price/value relationship in Bojangles quality Cajun-style spiced chicken and variety of biscuits—all produced from scratch. There are the diverse

(Continued on page 73)

Jack Fulk Sr., Bojangles chairman and ceo, helps prepare food in kitchen. He handles all recipes and product testing himself.

LATE NEWSBREAKS

McDonald's reported a 20% net profit rise to $265 million and a 15% sales increase to $7.1 billion for 1981.

KFC parent Heublein Inc. agreed to buy 80 KFC units operated by Gino's. Price was not disclosed. Gino's itself is in the process of being acquired by Marriott.

Wienerwald restaurants have opened in San Diego and suburban Chicago under the sponsorship of IHOP Corp., a company controlled by Wienerwald chairman Friedrich Jahn.

Chester Hall plans to step down as executive vice president of the National Institute for the Foodservice Industry (NIFI) after serving nine years in the post. NIFI president William Stratton said he accepted Hall's decision "with deep regret."

R. Richard Ablon has moved from executive vice president to president of Ogden Food Service.

Big score for food-service operators

Detroit claims Super Bowl victory

By Rick Telberg

DETROIT—When the San Francisco 49'ers beat the Cincinnati Bengals 26-21 at Super Bowl XVI last month, food-service operators claimed the victory for themselves.

The weeklong hoopla pumped an optimistically estimated $60 million into the Detroit-area economy. Most went to restaurants, taverns and hotels.

Much of the spending came from local residents, who are suffering a 15% unemployment rate in this auto-making capital.

Food-service operators played for the cash with special attractions including giant-screen TV's, cheerleaders and marching bands.

The deserted main drag of Pontiac, where the 24% unemployment rate matched the mean temperature—24°F, was revitalized with 23 shops, mostly taverns, and renamed "Bourbon Street North." It did a land-office business, but after the game in the nearby Silverdome, little more than the plywood facades remained.

Hotels, which without the Super Bowl would have expected a weekend occupancy rate of 20%, enjoyed full houses and were forced to restrict reservations to three-day stays.

Not only in the Detroit area, but from San Francisco to Cincinnati and beyond, food-service operators keyed special promotions to Super Sunday.

A number of Detroit area restaurateurs were banking on the

(Continued on page 74)

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Florescue's 8% VS interest viewed as 'investment'

By Charles Bernstein

LARKSPUR, Calif.—Horn & Hardart's purchase last month of 8% of Victoria Station's stock touched off speculation about a possible takeover attempt, but reliable indications are that the move was strictly an investment one.

"We're doing this as an investment," declared H&H president Barry Florescue. "We see an excellent investment opportunity here, and that is the extent of it. Of course I'm interested in seeing Victoria Station do better in the future, but that's to improve our investment."

He did not rule out acquiring more of the stock if the company shows progress, but he did emphasize that he has no desire for a takeover and that "the management team headed by Terrance Collins clearly will continue running the chain."

Industry skeptics insisted Florescue nevertheless may have eventual takeover designs which he could not discuss publicly now. Yet industry financial sources are convinced that with Victoria Station's stock having plenty of room to grow, Florescue has seized a chance for a profitable investment.

He was slated to meet with VS executives here at presstime in a mutual information session relating to VS's future plans. Florescue has a major stake in the company's future since he is now its second largest stockholder.

The largest is the Bermuda investment firm of American Values, which owns about 26% of the stock. After Florescue, the next largest stockholder with about 5% is former executive vice president Peter Lee, who with former president Richard Bradley and former executive vice president Robert Freeman founded the chain in 1969.

If Florescue wanted to combine forces with Lee and/or American Values, he would have the strength for possible full control. But this apparently is not in his game plan now.

Florescue took command of Horn & Hardart four years ago after he led a stockholder group that gained control of the board of directors, resulting in the departure of chairman and president Frederick Guterman. The company's fortunes have risen ever since with a wide diversification program, becoming an Arby's franchisee

(Continued on page 73)

Marriott reveals plan for financing expansion

WASHINGTON—The Marriott Corporation, which wants to expand the number of its hotel rooms by at least 20% each year for the next three years, plans to sell limited partnership interests to develop and operate 11 hotels.

Marriott said a group of hotels has agreed to lend the partnership, of which Marriott will act as general partner, up to $456.3 million to finance the acquisition, construction and operation of the properties.

Hotels would be operated as part of the Marriott system, the company, which is based near here, said.

A registration statement for the proposed offering was filed with the Securities and Exchange Commission.

Selling limited partnerships to the public is the latest of Marriott's efforts to raise cash for expansion.

Over the past seven years, the hotel and food-service company has sold some $420 million in equity interests in hotels, mostly to institutional investors.

Such funds, however, have been getting harder and more costly to attract; hence the plan to sell limited partnerships, which are in effect tax shelters.

Meanwhile, Marriott was readying to wrap up its pending acquisitions of Gino's and Host International.

PUBLISHERS CORNER

Operators urged to fight beef rules

By Thomas J. Haas

In almost every editorial written by Charles Bernstein or myself are the words quality and value.

Why? Because your customers are continually demanding better products; they will not stand for high-priced mediocrity.

Now come the proposed recommendations by the U.S.D.A., which coincide almost verbatim with the suggestions of the National Cattlemen's Association to further alter beef grading standards. Memory of the last grading changes still lingers like a wound that doesn't heal.

What has this new deception of the American consumer to do with quality and value?

The changes instituted five years ago were supposed to improve beef sales by making meat more reasonable for the consumer. But beef prices have skyrocketed ever since, placing great pressure on food-service operators and diluting the meaning and quality standards represented by the definition of Prime and Choice.

To further downgrade the standards simply means that cattle would be fed not on grain but grass and yet beef would cost as much, if not more.

Consumption continues to fall off because of lack of quality and taste. The consumer has determined that the price of beef in supermarkets or restaurants often is not worth the expense. American consumers can and have changed their eating habits—if beef is expensive and poor in quality, they will purchase poultry, pork, lamb or seafood instead.

Yes, consumers are more health and weight conscious today. Even more, they are concerned with how they spend their dollars in a period of declining disposable income. As the economy tightens, as basic necessities become more expensive, no one will spend more for less.

Now is the time to do something. Write to your congressmen and senators. Support the position of the National Restaurant Association.

Customers are *mad as hell*, and they aren't going to take it anymore. Quality-oriented operators and the NRA *will not* support this deception.

Take steps now to prove your interest in providing the best quality at an honest price. Truth-in-menu certainly does not mean calling a Choice grade Prime and a Commercial grade Choice. If consumers are deceived, they *will* get madder than hell, and *won't* buy beef anymore. Then we'll all be losers.

Wage hikes proposed for restaurant workers

WASHINGTON—Reagan Labor Department officials are developing proposals to revive a controversial Carter Administration increase in minimum salary requirements for thousands of restaurant industry supervisory workers.

One of the options under consideration by the department would force food-service operators to choose between paying crippling overtime wage rates to many salaried "administrative" workers, or doubling the salaries of those employees to comply with the Federal Fair Labor Standards Act.

In its most extreme form, the alternative outlined by regulators at the department's Employment Standards Administration last month could add hundreds of millions of dollars to labor costs within the restaurant industry.

But at the same time, Federal Wage and Hour Administrators offered hope of partial relief for food-service operators and other retail industry employers—the possibility of a special reduced minimum salary test covering these businesses only.

Since restaurant and retail groups have been the most vigorous opponents of efforts to increase minimum salary requirements for F.L.S.A.-exempt supervisory workers, Labor Department officials have been attempting to blunt objections from these segments by proposing a salary test differential in private meetings with industry lobbyists.

One plan advanced by the department would raise the minimum salary levels by 45% for most businesses but allow retail and food-service firms to escape with a more modest 23% increase.

Although labor officials did not refer to this plan directly in last month's "regulatory calendar" announcement, they did stress that the use of "a single average percentage increase may result in levels that exceed the rates paid to some executive, administrative and professional employees in certain retail and service industries."

Under current F.L.S.A. regulations, bona fide "executive" and "administrative" employees are exempt from Federal overtime pay requirements, provided they earn a minimum weekly salary of at least $155.

Last year, during their final days in office, Carter Administration labor law regulators approved a sharp increase in this weekly "salary test" level which would have required overtime pay rates for all supervisory workers earning less than $225 per week.

Only days before that hike was due to take effect nationally, incoming Reagan Administration labor officials suspended the increase "indefinitely" pending a review of industry charges that the change would create an inflationary burden on business.

When the salary test raise was originally proposed, Carter Administration officials dismissed predictions of an inflationary impact by citing the resuls of an in-house study which indicated that the plan would boost total labor costs by "only" $53 million annually.

Oil tycoon bids for New York's '21' Club

NEW YORK—For the second time in recent years, there is talk that ownership of the landmark "21" Club on West 53rd Street may be taken over by an oil tycoon.

Sheldon Tannen, one of the owners of the famous club, a gathering place for notables, confirmed that talks were taking place but he wouldn't say with whom.

The prospective buyer is reportedly one of the sons of Orin E. Atkins, chairman and ceo of Ashland Oil. The son reportedly offered $17 million for the restaurant and its subsidiaries, which include a specialty food company, and the "21" management division, which runs a Dallas hotel-restaurant called the Mansion at Turtle Creek and plans others.

The "21" Club is owned by Tannen, Jerry Berns, Peter Kriendler and Tannen's mother, who was a Kriendler before her marriage.

Another bid was made a few years ago for the company when Baron Enrico di Portanova negotiated to buy the club. The deal later fell through, and other bids have reportedly occurred since then.

HIGHLIGHTS IN THIS ISSUE

Absolute cleanliness should be the No. 1 priority for all food-service operations. In an editorial, *NRN* editor Charles Bernstein urges the industry to comply with the highest possible standards of sanitation. *Page 6.*

Sanitation programs have risen high on the list of priorities for many operators, while being virtually ignored by others. In this issue's Focus section, *NRN* examines the crucial question of cleanliness in food service. *Page 31.*

Foreign investors and developers are stepping up their involvement in America's lodging and food-service industries. *Page 7.*

Burger King ends speculation by announcing that it will keep its 750-person headquarters in the city of Miami. *Page 10.*

Victoria Station prepares for a chainwide rollout of its expanded lunch menu and revised dinner menu. *Page 23.*

Roger Vergé, renowned restaurateur of the south of France, answers a variety of questions posed by students at the Culinary Institute of America. *Page 27.*

Marketing expert Barry Klein, in the third of a series of marketing memos, asks the question: "Has success spoiled Ma and Pa?" *Page 44.*

The National Restaurant Association's board of directors unanimously adopts a resolution to take a strong stand against excessive bureaucratic regulation. *Page 47.*

Restaurateur John Antun discovers that choosing the wrong name for your restaurant can cause serious image problems. *Page 50.*

Amfac, the Hawaii-based company whose revenues exceeded $2 billion in 1981, has plans to open as many as 32 luxury hotels on the American mainland in the near future. *Page 58.*

REGULAR FEATURES

Financial	*Pp. 4, 5*
Opinion	*P. 6*
People	*P. 12*
New Products	*P. 17*
Wine & Spirits	*P. 37*
Promotions	*P. 43*
Classified	*Pp. 65-72*

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FINANCIAL NEWS

Denny's 2nd quarter earnings jump 45%

LA MIRADA, Calif.—Denny's Inc., reported a 45% net profit jump to $8.5 million on a 12.5% revenues gain to $231 million for the second quarter ended Dec. 25, compared with the same period last year.

At the same time, the company declared a 3-for-2 split on common stock, and increased its quarterly cash dividend by 9%.

The stock distribution is payable April 1 to holders of record March 10. Denny's currently has 9.9 million common shares outstanding.

For the fiscal first half, Denny's net income of $19.2 million represented a 43% gain over the same period last year. Revenues for the six months were $472 million, a 14% increase.

Denny's president and ceo Vern Curtis attributed the improved results to "an even balance between increased traffic counts and higher menu prices."

Increased customer counts accounted for approximately half of the 11% gain in average domestic restaurant sales for the quarter, Curtis said. Average sales of a domestic Denny's restaurant were $220,000 during the second quarter.

Denny's did not open any new units during the quarter. Curtis pointed out that the 841 domestic Denny's restaurants operating at the end of December represented a 2% increase over the 822 operating on the same date in 1980.

During the quarter Denny's acquired 12 shuttered Sambo's restaurants. The units are scheduled to open as Denny's restaurants in the near future, Curtis said.

There are currently 39 Denny's restaurants under construction including the 12 former Sambo's units that are being remodeled.

The company also operated 865 Winchell's Donut Houses at the quarter's close. Doughnut division operating income increased 20% during the quarter. Revenues were up 2%.

Average doughnut house sales for the quarter were up 7%.

Coke expands into movie industry

ATLANTA—Coca Cola Co. has tentatively agreed to buy Columbia Pictures Industries, a movie maker, for about $760 million in cash and stock.

Coca Cola chairman Roberto C. Guizueta said his company made the move because big growth is expected in the film industry.

Previous Coca Cola expansion has generally been closer to home with development or purchase of new soft drinks, diet sodas, fruit juices and wine labels. The company is the United States' fourth largest wine producer.

Sandwich Chef profits rise 10% for 2nd quarter

BIRMINGHAM, Ala.—Sandwich Chef Inc., a six-city chain of delis, reported that profits were up 10% to $157,000 and revenues up 21% to $4 million for the second quarter ended Dec. 26 compared to the year-ago period.

For the six-month, two-quarter period, profits were up 17% to $349,000 and sales were up 22% to $7.9 million.

The chain, which finished the period with 158 units, said that plans for Chicago openings would soon be announced.

Food-service chain stock analysis table

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION					
		Two Weeks Ended Jan. 29							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate	Profit Margin		Indicated Dvd. Rate		Last X-Dvd. Date	Last Fiscal Year		Current Ratio	Last Fiscal Year (Per Share)		Last Balance Sheet Date
Name	Symbol	High	Low	Close	Change Amt.	Change Pct.	52-Week High	52-Week Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt.	Pct.			Latest P/E Ratio	Amt.	Yield		Revenue	Earnings		Long Term Debt	Common Stock Equity	
—	—	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	—	$	%	—	$ Mil.	$ Mil.	—	$	$	—
Aca Los A Res	ALAR	4.50	3.50	3.75	-1.00	-21.05	10.63	3.50	-1.00	-6.01	-1.07	12.83	.47	.04 F	9.3	20.0	4.3	8.0	.00	.0	01-06-81	19.1	1.1	.8	1.1	2	1080
Am Motor Inns	INN	15.00	12.38	14.88	2.38	19.00	21.88	10.00	.03	-.71	1.77	13.37	1.67	.43 Q	31.8	35.0	6.3	8.4	.22	1.5	01-26-82	114.7	6.7	1.4	17.7	8	0780
ARA Services	ARA	26.13	24.50	25.75	.25	.98	37.25	23.75	-.15	-.10	-1.74	-3.01	4.00	-1.20 F	-23.0	4.0	1.5	6.4	2.00	7.8	11-24-81	2915.9	45.1	1.2	21.0	44	0981
Assoc Hosts	AHST	5.50	5.38	5.50	.00	.00	8.63	4.88	-.15	-.97	-3.19	-44.07	.66	-.14 F	-17.5	-1.0	2.6	8.3	.12	2.2	12-08-81	79.9	2.1	1.5	6.4	7	0981
Beefstk Char	BSCC	3.38	2.88	3.38	.38	12.50	4.88	1.63	.20	2.44	-2.20	76.92	.47	.14 S	31.8	41.0	2.3	5.8	.00	.0	00-00-00	47.7	1.1	.8	1.8	2	1080
Bob Evans Farms	BOBE	22.50	21.75	22.25	.75	3.49	22.75	16.00	.36	-1.08	1.62	-44.99	1.40	.09 S	6.4	26.0	8.0	14.9	.40	1.8	02-05-82	147.0	11.8	1.9	.0	6	0481
Bonanza Intl Inc	BNZA	1.50	1.13	1.50	.31	26.32	6.88	1.13	-.19	3.79	-2.81	14.83	.24	-1.49 N	-647.8	-37.0	4.2	NE	.00	.0	00-00-00	25.9	1.1	1.6	12.9	5	1280
Brock Hotel Cp	BHC	15.00	12.00	14.88	2.00	15.53	16.88	6.63	-.37	1.98	-5.12	6.43	.44	.04 N	9.5	27.0	4.0	32.3	.10	.7	12-11-81	110.9	4.4	1.0	8.5	3	1280
Calny Food	CLNY	11.00	11.00	11.00	.00	.00	15.50	8.50	.27	-1.05	1.94	-69.00	1.35	-.29 N	-16.9	7.0	2.2	7.7	.20	1.8	01-28-82	41.7	.9	.4	14.4	6	0281
Carrols Develop	CRL	5.50	4.88	5.50	.25	4.76	8.41	3.97	-.02	1.65	-4.94	-69.02	.96	.68 S	151.1	34.0	2.4	4.9	.09	1.6	12-24-81	75.6	1.8	.7	10.1	5	0581
Chart House	CHHO	17.50	15.88	17.25	-.38	-2.13	22.88	12.50	-.58	.30	-1.76	38.35	1.75	.28 N	16.5	12.0	4.9	8.8	.60	3.5	12-24-81	312.5	15.2	1.1	12.3	9	1280
Chi-Chis	CHIC	18.00	16.63	18.00	-.13	-.69	27.25	11.94	-.55	.12	-1.43	3.83	.46	.37 S	137.0	35.0	14.1	28.1	.00	.0	06-02-81	14.9	2.1	3.1	1.7	2	0481
Ch Full O Nut	CHF	11.25	10.13	11.00	.63	6.02	13.88	6.50	.15	.11	-1.58	-18.82	.66	-.13 Q	-17.8	30.0	2.7	18.3	.40	3.6	12-14-81	118.7	3.2	3.4	.8	5	0781
Churchs Fr Ch	CHU	28.13	26.25	27.50	.25	.92	37.38	25.00	.13	-1.23	-1.07	-10.03	3.01	.55 N	18.7	24.0	9.9	7.9	.84	3.1	10-26-81	386.5	38.1	1.4	1.1	13	1280
Cindys Inc	CNDYC	3.13	3.00	3.00	-.13	-4.00	4.63	2.50	.16	-2.23	-5.51	-7.69	-1.43	-1.09 F	NE	NE	-17.3	NE	.00	.0	00-00-00	16.8	-2.9	.0	6.2	0	1280
Collins Foods	CF	13.50	11.63	13.38	.38	2.88	14.91	7.97	-.17	1.67	-.26	-42.06	1.56	.59 S	40.6	12.0	2.8	6.6	.24	1.8	12-23-81	265.2	7.5	1.4	10.6	13	0481
Consul Corp	CNSL	5.75	5.50	5.50	-.13	-2.22	10.13	5.25	.40	-1.18	-1.09	-7.87	-.08	.07 Q	NC	NE	-1.5	78.6	.00	.0	00-00-00	6.8	-.1	.8	.6	1	0581
Dennys Inc	DEN	29.13	27.63	29.13	.75	2.64	31.75	21.00	.10	-.58	4.74	6.65	2.96	1.15 S	52.0	5.0	3.2	8.7	.96	3.3	03-04-82	840.7	26.9	1.5	24.0	20	0681
Dunkin Donuts	DUNK	13.13	11.38	12.38	-.88	-6.60	18.25	11.25	-.37	-1.42	2.72	-18.33	1.82	.28 F	18.1	21.0	8.3	6.8	.30	2.4	11-06-81	60.0	4.9	1.5	12.4	9	1080
Frischs	FRS	8.63	7.88	8.13	-.13	-1.52	9.38	5.41	-.09	-.59	-6.67	59.38	1.39	.70 S	63.0	14.0	3.0	4.5	.35	4.3	11-30-81	97.0	2.9	1.2	7.2	13	0581
Ginos	GNO	18.00	17.75	17.88	.13	.70	20.13	6.75	.27	-1.03	-5.90	-1.91	1.67	.47 N	470.0	-5.0	1.4	31.4	.44	2.5	11-12-81	320.8	4.5	.9	38.2	11	1280
Hambrg Hamlet	HAMB	5.50	5.50	5.50	.00	.00	9.00	5.00	-.52	-1.18	2.38	-50.00	.27	-.15 S	-19.7	-24.0	.7	9.0	.00	.0	00-00-00	28.4	.2	.9	20.9	12	0381
Hardwicke	HAWK	4.13	3.88	4.00	-.25	-5.88	10.50	2.25	1.22	-.45	-1.60	-30.00	.44	-.20 N	-34.4	-10.0	8.6	10.5	.00	.0	00-00-00	22.2	1.9	1.8	13.6	10	0980
Hilton Hotels	HLT	39.88	34.50	39.88	4.00	11.15	52.25	33.25	-.05	1.34	.00	-6.20	4.22	.22 F	5.5	34.0	18.4	9.4	1.80	4.5	03-01-82	523.1	106.1	2.2	4.6	17	1280
Holiday Inns	HIA	27.25	24.13	26.88	1.38	5.39	33.25	21.13	-.12	1.43	2.33	20.04	2.92	.69 N	23.6	28.0	7.1	7.4	.74	2.8	12-14-81	1533.8	108.3	1.0	17.6	22	1280
Holiday Inns A	HIA A	36.00	36.00	36.00	-6.00	-14.29	48.75	32.25	-.17	-1.09	-1.78	-75.00	NA	NA	NA	NA	NA	NA	.00	.0	00-00-00	NA	NA	NA	NA	NA	NA
Horn & Hardart	HOR	12.75	10.50	11.00	-1.88	-14.56	16.38	7.28	.01	-.73	-1.05	-17.95	.87	.09 N	10.0	42.0	3.1	11.1	.00	.0	01-11-82	128.2	4.0	1.8	15.4	6	1280
Host Intl	HII	30.13	29.38	30.00	1.13	3.90	30.13	12.00	.49	-1.02	5.35	1.11	2.74	-1.82 N	-62.1	4.0	3.9	27.0	.60	2.0	12-09-81	356.7	14.0	1.1	12.6	17	1280
Hungry Tiger	HTIG	7.75	7.50	7.63	.13	1.67	9.38	5.25	.31	-.79	1.07	31.58	.92	.12 Q	14.4	43.0	3.2	8.0	.00	.0	08-24-81	49.9	1.6	.8	5.8	4	0881
Imperial Grp	IMT	1.44	1.31	1.44	.13	9.52	2.00	1.06	.23	-.22	-1.76	-15.63	.62	-.15 S	-21.1	28.0	2.1	2.6	.16	11.1	09-28-81	8700.9	178.4	.9	.8	3	1080
Intl Dairy Queen	INDQ	11.75	9.25	11.75	2.25	23.68	13.25	8.50	.22	3.67	.59	-2.70	1.72	.38 F	28.3	50.0	6.0	6.8	.00	.0	00-00-00	77.2	4.7	1.1	12.8	5	1180
Int King Tab	IKNG	2.13	2.00	2.13	.00	.00	3.38	1.88	.35	.57	-4.00	-33.00	-.65	.19 S	NE	-43.0	-3.1	NE	.00	.0	10-09-79	32.0	-1.0	.3	5.4	3	0681
JBs Rest	JBBB	5.25	4.38	5.25	.75	16.67	5.25	2.63	1.51	2.61	6.35	4.06	.63	.69 Q	NC	-2.0	3.0	7.6	.00	.0	00-00-00	36.4	1.1	.9	5.2	5	0981
Jerrico Inc	JERR	17.63	15.63	17.63	.13	.71	27.63	15.63	-.44	2.14	-.72	-1.64	1.70	.39 S	26.5	23.0	5.6	9.5	.12	.7	11-06-81	378.2	21.0	1.1	3.7	10	0681
Kapok Tr Inns	KTI	4.00	3.75	3.88	-.25	-6.06	4.38	3.38	.17	-1.44	-1.79	-50.65	-.25	-.51 F	-196.1	-23.0	-2.9	NE	.00	.0	00-00-00	16.8	.6	2.1	2.4	6	0980
Kelly Johnston	KEJO	15.25	14.75	15.25	.00	.00	16.25	10.75	.20	-.08	.16	-41.36	.58	.74 S	NC	148.0	5.9	20.6	.00	.0	00-00-00	11.9	.7	.4	.8	1	0381
Kinnard Cos	KCNI	1.63	1.63	1.63	.00	.00	9.00	1.50	.37	-1.09	-15.10	.00	-.60	-.39 N	NC	-96.0	-66.7	NE	.00	.0	00-00-00	2.1	-1.4	.3	.4	1	1280
Lubys Cafeterias	LUBY	26.75	25.25	25.50	-1.50	-5.56	28.25	19.00	.05	-1.28	.73	-22.66	1.45	.27 Q	21.7	23.0	9.1	16.9	.48	1.9	12-15-81	108.2	9.8	1.1	.9	6	0881
Marcus Corp	MRCS	6.00	5.00	6.00	.75	14.29	7.28	5.00	-.55	3.77	-4.54	52.30	1.15	.13 S	11.8	8.0	5.8	4.9	.00	.0	08-24-81	105.3	6.1	.8	2.9	9	0581
Marriott Corp	MHS	36.50	33.25	36.50	2.13	6.18	47.00	29.75	-.09	1.01	.04	-27.14	2.60	.59 N	23.9	28.0	4.2	12.0	.30	.8	12-21-81	1718.7	72.0	.9	22.4	12	1280
McDonalds Cp	MCD	64.25	58.63	63.63	3.75	6.26	72.88	52.38	-.07	.64	1.39	.44	5.49	1.03 N	19.4	19.0	10.1	10.1	1.00	1.6	10-27-81	2184.3	220.9	.7	24.2	28	1280
Morrison Inc	MORR	8.88	8.38	8.63	.00	.00	13.88	8.13	.26	-.49	-3.84	3.13	.95	.01 S	1.0	6.0	3.9	8.8	.32	3.7	01-04-82	319.8	12.4	1.3	2.7	7	0581
Mr Steak	MSST	2.50	2.25	2.50	.25	11.11	4.75	2.13	.41	1.03	.92	26.30	.22	.04 F	22.2	-43.0	.5	11.4	.02	.8	05-29-80	56.3	.3	1.6	3.9	5	0980
Nathans Famous	NATH	1.50	.69	1.50	.81	118.18	1.75	.63	-.44	17.47	4.91	85.64	-.87	-.41 S	NE	NE	-7.9	NE	.00	.0	00-00-00	21.5	-1.7	.4	.2	2	0381
Oakbrook Cons	OKCO	9.25	9.25	9.25	.00	.00	12.25	9.00	.28	-1.05	-.07	-34.09	1.74	.48 F	38.0	18.0	1.3	5.3	.32	3.5	12-10-81	126.2	1.3	.8	4.9	11	0980
Orange-co	OJ	11.13	8.88	10.50	1.50	16.67	11.38	5.63	.34	-1.07	1.99	-39.94	1.01	.47 Q	77.0	25.0	5.4	9.7	.20	1.9	11-19-81	76.2	4.1	1.9	10.2	7	0881
Piccadilly Caf	PICC	14.75	14.50	14.50	-.13	-.85	19.00	12.41	.29	-1.36	-3.82	-1.39	1.30	.16 S	12.8	16.0	6.1	10.3	.48	3.3	12-09-81	127.2	7.8	1.7	.0	6	0681
Pizza Inn	PZA	6.50	5.63	5.75	-.63	-9.80	11.50	5.50	-.10	-1.47	-3.73	-16.91	.59	.08 N	14.5	-2.0	1.4	9.1	.00	.0	00-00-00	120.7	1.7	1.1	14.0	6	1280
Pizza Time Thea	CHKY	22.00	19.50	22.00	3.00	15.79	28.25	18.00	-.13	1.77	1.21	.46	.04	.34 N	NC	98.0	.9	64.7	.00	.0	00-00-00	11.4	.1	1.3	.4	1	1280
Ponderosa Sys	PON	13.38	12.13	13.13	.88	7.14	19.75	10.50	-.28	.98	-2.40	10.05	.60	.41 N	39.4	3.0	.8	9.1	.40	3.0	12-01-81	329.6	2.6	.8	22.3	15	0281
Ramada Inns	RAM	6.13	5.75	6.13	.13	2.08	12.50	5.25	.00	.30	-5.21	25.95	.53	.70 N	184.2	33.0	4.1	5.7	.12	2.0	10-19-81	366.1	15.1	.8	14.4	6	1280
Restaur Assc	RA	4.63	4.00	4.63	.25	5.71	8.25	4.00	.25	2.04	-6.03	-31.06	.64	.39 N	60.0	29.0	1.6	4.4	.00	.0	00-00-00	95.8	1.5	1.3	3.9	5	1280
Saga Corp	SGA	20.38	17.13	19.38	1.75	9.93	23.75	9.25	.24	-.70	4.45	2.70	2.36	1.33 S	75.5	18.0	1.4	6.3	.44	2.3	11-16-81	819.0	11.6	.9	9.3	15	0681
Sea Galley	SEAG	8.00	7.50	7.88	.25	3.28	17.88	6.84	.43	-.80	-3.54	-15.53	.55	.69 N	NC	53.0	5.7	11.4	.00	.0	06-02-81	22.9	1.3	1.6	2.3	2	1280
Servico Inc	SRVI	8.25	8.00	8.25	.00	.00	13.00	7.00	.16	-1.11	-4.83	-56.25	1.10	1.34 N	183.5	22.0	2.5	4.0	.00	.0	00-00-00	114.4	2.9	1.0	50.1	4	1280
Shoneys Inc	SHON	14.38	13.50	13.75	-.88	-5.98	15.00	11.16	.04	-.65	2.59	24.42	1.03	.20 F	24.0	21.0	5.5	13.3	.16	1.2	12-28-81	210.6	11.8	1.0	1.2	4	1080
Sonesta Hotel	SNSTZ	10.75	10.75	10.75	.00	.00	15.00	9.81	.27	-1.13	3.42	.49	2.24	.09 N	6.2	80.0	3.6	7.1	.20	1.9	12-28-81	137.2	5.0	1.0	19.1	9	1280
Steak n Shake	STAK	2.69	2.63	2.63	.00	.00	3.25	2.31	.43	-1.55	-5.88	-56.44	.06	.09 F	NE	-30.0	.5	43.8	.00	.0	05-17-79	60.4	-.1	.8	4.7	3	0980
Valles Steak	VLE	5.88	5.63	5.75	-.13	-2.13	7.63	4.38	.24	-.82	-5.39	-10.26	-.22	-.35 Q	-205.8	-26.0	-.9	NE	.00	.0	11-01-78	65.6	-.6	1.3	7.8	10	0381
Victoria Stations	VSTA	9.63	8.75	9.00	-.63	-6.49	11.25	6.25	.68	-1.09	-2.02	-9.92	-1.85	.72 S	NE	-37.0	-4.3	NE	.00	.0	09-19-79	134.5	-5.8	1.0	9.0	10	0381
Volunteer Cap	VLCC	7.13	6.38	7.13	.00	.00	8.88	5.25	-.65	1.28	1.12	-1.98	-.05	.43 N	NC	-2.0	-.2	16.6	.00	.0	00-00-00	62.1	-.1	.6	13.7	6	1280
Wendys Intl	WEN	14.25	13.25	14.25	.38	2.70	19.38	10.84	.22	.45	-1.95	-8.26	1.34	.32 N	27.3	30.0	8.7	9.6	.28	2.0	10-30-81	347.0	30.1	.5	1.9	6	1280
Webb Del E	WBB	7.63	6.63	6.75	-.13	-1.82	13.63	6.50	.32	-1.09	-4.51	-.24	-.49	-.81 N	-77.8	-42.0	-.9	29.3	.00	.0	11-07-80	486.0	-4.6	1.6	21.8	13	1280

KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261